

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Three)

Docket No. RM2017-7

PUBLIC REPRESENTATIVE COMMENTS
(August 15, 2017)

I. INTRODUCTION

The Public Representative hereby provides comments in response to Commission Order No. 3982.¹ In that Order, the Commission established Docket No. RM2017-7 to receive comments from interested persons, including the undersigned Public Representative, that address the Postal Service's petition to change analytical principles related to periodic reporting.² The Postal Service filed the Petition pursuant to 39 C.F.R. § 3050.11. Petition at 1. On July 21, 2017, the Postal Service filed additional information in its Responses to Chairman Information Request No. 1.³

II. SUMMARY OF PROPOSAL THREE

In Proposal Three, the Postal Service seeks "authorization to change the methodology used for measuring the national totals of revenue, pieces, and weight" in the Revenue, Pieces, and Weight (RPW) Report "for mailpieces reported in the Retail Systems Software Business Partners (RSS BP) application and bearing contract postal unit metered postage." Petition at 1.

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Three), June 27, 2017 (Order No. 3982).

² Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Three), June 22, 2017 (Petition).

³ Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, July 21, 2017 (Responses to CHIR No. 1).

Currently, the RPW methodology for measuring national totals of RSS BP mailpieces and extra services relies on several census data sources, in combination with statistical estimates from Origin-Destination Information System – Revenue, Pieces, and Weight (ODIS-RPW). *Id.* Proposal Three seeks to replace ODIS-RPW sampling estimates of “RSS BP mailpieces and extra services [with] corresponding census data provided by reports from the Retail Data Mart” (RDM) reporting system. *Id.* at 6.

In Table A of the Petition, the Postal Service provides the impact of Proposal Three on the FY 2016 reported CPU revenue, pieces, and pounds by each class of mail (excluding extra services). Petition at 8; see also Responses to CHIR No. 1, question 2, file “ChIR.1.Prop.3.Qs.1.2.Tables.A.B.xlsx.” Table B of the Petition presents the impact of Proposal Three on revenue and pieces for each reported CPU extra service. *Id.*

III. BACKGROUND

The RPW is the main source of input for Billing Determinants that are used by the Commission to determine compliance with 39 U.S.C. 3622 and 3633. ODIS-RPW is the primary probability sampling system, which has traditionally been used to assist the Postal Service in estimating revenue, pieces, and weight for certain mail categories where the data is not available from the Postal Service’s revenue accounting system or postage statements.⁴ RDM includes data and reports used for operational planning, sales, and marketing analysis for managers at multiple levels.⁵

⁴ See Docket No. R2006, USPS-T-3, Direct Testimony of Bradley V. Pafford of Behalf of the United States Postal Service, May 3, 2006 at 3-6. See also United States Postal Service Handbook F-75, Policies for Revenue, Volume, and Performance Measurement Systems, April 2015 (Handbook F-75), available in Docket No. ACR2016, USPS-FY16-46, March 1, 2017, file “FY.16.46.ChIR.20.Public.Files.zip,” folder “ChIR 20 Q 11.”

⁵ See e.g., 2004 Comprehensive Statement on Postal Operations at 49 (available online at <https://about.usps.com/strategic-planning/cs04/cs2004.pdf>).

Currently, in RPW reporting, the Postal Service relies on RDM for Click-N-Ship, PostalOne!, and Self Service Kiosk (SSK) data.⁶ The Commission has previously encouraged the Postal Service to expand the use of census data for RPW reporting.⁷

RSS BP is the electronic point-of-sale management system that the Postal Service provides to contract postal units (CPU). Petition at 4. A CPU is a supplier-operated site that provides postal products and services to the United States public under contract to the Postal Service.⁸ In order “to weigh, meter, and calculate postage for mailpieces and extra services,” suppliers use RSS BP software. Petition at 4.

IV. COMMENTS

The Public Representative finds that the proposed replacement of ODIS-RPW sampling estimates with RDM census data is reasonable. As a statistical sampling system, ODIS-RPW produces RPW estimates that are subject to the sampling error. Petition at 5. Generally speaking, switching to census transactional data (which does not have sampling error) should result in equal or improved data quality. *Id.*

However, as illustrated in Tables A and B of the Petition, a proposed replacement of ODIS-RPW estimates for revenue and volume with census estimates reported in RDM often results in a significant percentage difference between numbers reported under the current and the proposed systems. Petition at 8-9. Such a difference is especially notable for mail classes with relatively low revenue/volume and

⁶ See Docket No. RM2014-4, Order on Analytical Principles Used in Periodic Reporting (Proposals One through Two), June 25, 2014 at 1-6 (Order No. 2101); Docket No. RM2015-15, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Six), September 28, 2015 (Order No. 2732).

⁷ See *e.g.* Docket No. RM2009-10, Order on Analytical Principles Used in Periodic Reporting (Proposal Three Through Nineteen), November 13, 2009 at 39 (Order No. 339).

⁸ *Id.* For more information, see <https://about.usps.com/suppliers/becoming/contract-postal-unit.htm>; Guide to Contract Postal Units for Postal Service Employees, Pub. 156, January 1, 2014, <http://www.apwu.org/resource-types/usps-handbooks-manuals>

for extra services.⁹ The Public Representative suggests that such a discrepancy is mainly caused by inaccurate revenue and volume estimates currently obtained from ODIS-RPW sampling system.

On the class level, the highest impact of Proposal Three on the reported CPU revenue and number of pieces was observed for Library/Media Mail (85.1 percent on revenue, 82.7 percent on the number of pieces, and 100.2 percent on pound volume) and Retail Ground (102.6 percent on revenue, 77.9 percent on the number of pieces, and 100.6 percent on pound volume).¹⁰ Considering that only a small portion of the total RPW volume is entered bearing CPU metered postage (for example, less than 3 percent for Retail Ground in FY 2016), the overall impact of Proposal Three on RPW volumes and revenue will be very small.¹¹

V. CONCLUSION

The Public Representative respectfully submits the foregoing Comments for the Commission's consideration.

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⁹ *Id.* The Postal Service indicates that it “tend[s] to see more variability in the ODIS-RPW estimates when isolating the data at a very granular level.” Responses to CHIR No. 1, question 2.

¹⁰ *Id.* at 8. The aggregated impact for Library/Media Mail was calculated by the Public Representative using data provided in Responses to CHIR No. 1, question 2, file “CHIR.1.Prop.3.Qs.1.2.Tables.A.B.xlsx,” tab “Table A.”

¹¹ See Responses to CHIR No. 1, question 1.